



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

September 14, 1998

Railway Access Approved. On September 10, 1998, the lobbying arms of the U.S. railroads (large and small) agreed on a wide-ranging deal that gives the smaller regional and short line railroads expanded access to routes controlled by the larger lines, along with a streamlined negotiating process and arbitration of freight rates and related issues. The announcement was made by the Association of American Railroads (AAR), which represents the top lines operating in the U.S., including the big Canadian carriers and major regional lines, and by the American Short Line and Regional Railroad Association, which represents smaller carriers across the country. The pact is an "agreement on principles to address a wide range of rate and service issues," allowing the small carriers more route access and the chance to develop more new business through "haulage agreements" with larger lines. The two organizations say that their deal "contains provisions aimed at better meeting the car supply needs of customers served by short line and regional railroads, thereby improving the quality of interline service. It also provides for arbitration of certain issues ... (between large and small lines) ... involving rates and "paper barriers." The accord's rate aspects will be submitted to the Federal regulatory Surface Transportation Board (STB) for its review and approval, but the rail groups said that all other provisions take effect immediately for all railroads that sign on. William Loftus, president of the short line group, said the deal "provides new opportunities for growth and service by removing some of the barriers that could make it difficult to develop new business." And, AAR Chairman, David Goode, said that the accord sets out a process for resolving many disputes between large and small lines without bringing the issues before a Government agency or the courts. (*Bridge News*)

Fast Track Legislation. More than 80 leading farm organizations and agribusiness companies, comprising the Ag for Fast Track Coalition, are giving their best effort to persuade lawmakers to vote in favor of the legislation during the upcoming weeks. Fast track legislation would, essentially, give the President the power to negotiate trade agreements, allowing Congress to approve or reject the agreements without the power to change details during negotiations. Member organizations, such as the American Farm Bureau Federation, National Pork Producers Council, and Farmland industries, believe the timing is ideal, since much attention has been focused on ways in which Congress and the administration can help the plight of U.S. farmers, who have been plagued by declining farm prices and exports. The legislation was to be voted on last year but was withdrawn after President Clinton realized that there was a lack of support prior to the vote. Proponents fear that without the passage of fast track, potential trading countries would avoid dealing with the U.S., fearing that Congress might alter trade agreements. Opponents, on the other hand, including organizations such as the National Farmers Union, National Family Farm Coalition, and the American Corn Growers, are concerned that fast track would further erode our trade surplus with certain countries. For example, reports indicate that U.S. agricultural trade with Canada decreased from a \$1.1 billion surplus to a \$400 million deficit following the 1998 U.S.-Canadian Free Trade Agreement. Another issue concerns duties imposed by Mexico on certain grades of U.S. high fructose corn syrup, even though the U.S. access to that market is very clear under the North American Free Trade Agreement (NAFTA), according a National Corn Refiners Association spokesman. Opponent organizations are concerned that fast track legislation may, in turn, possibly be used to negotiate free trade agreements with other countries. (*Reuters, Agweek Magazine, Washington Times*)

Note: Numerical revisions have been made on page 5 of this report in the section entitled "Rail Deliveries to Port," due to the inclusion of additional proprietary data, which had been unavailable until recently. Data, dated August 5, 1998 to the present, is estimated. The most current information will be provided as it becomes available.

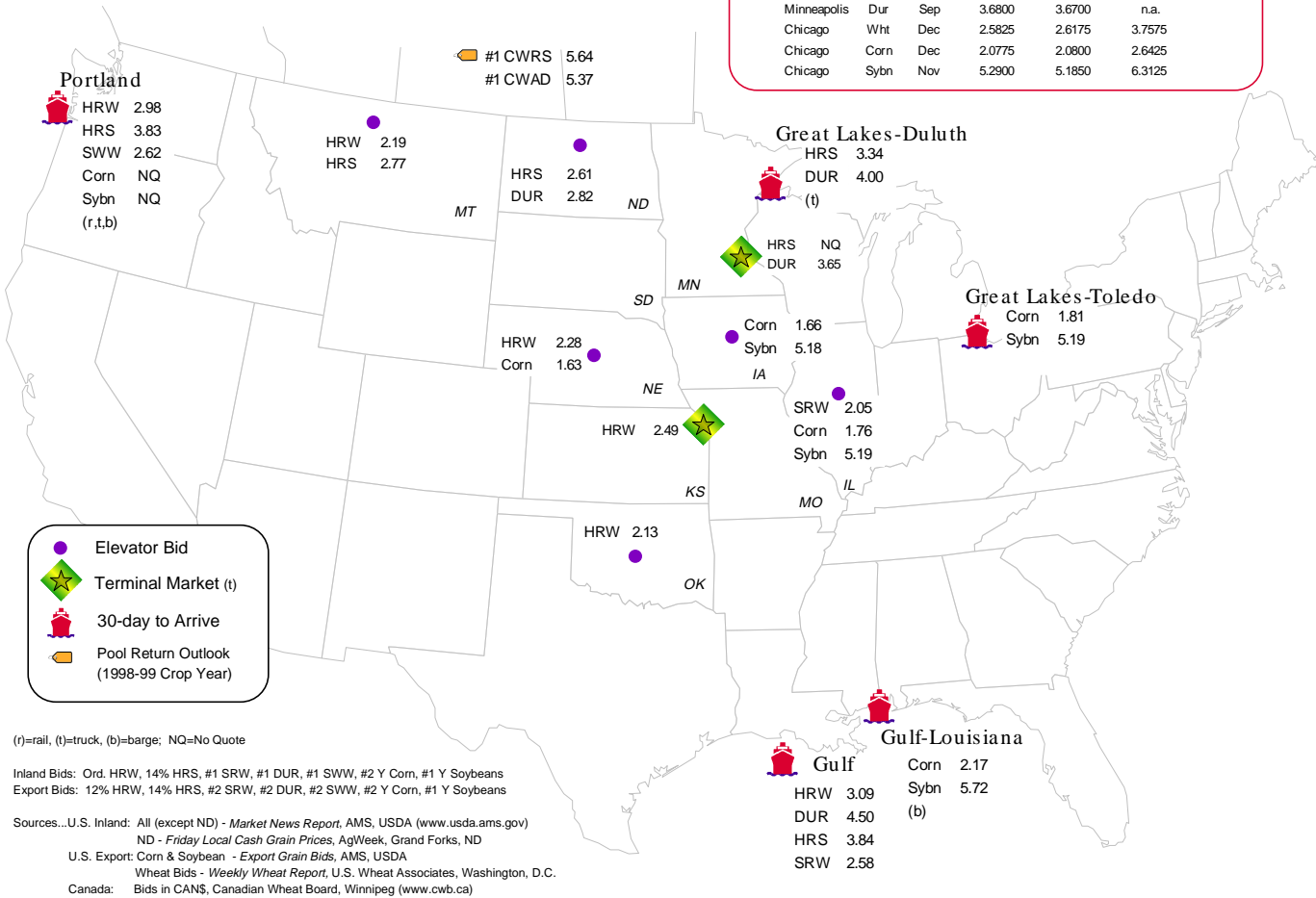
This report is prepared by Karl Hacker and Karla Martin, Agricultural Economists, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Report design by Kimberly Vachal, formerly of the Upper Great Plains Transportation Institute, North Dakota State University. You can retrieve this document from our Automatic Fax System by using the handset on your fax machine and dialing (202) 690-1707. This report can be found on the Internet at www.usda.gov/ams/tmd/grain.htm. E-mail comments to Nick_Marathon@USDA.gov.

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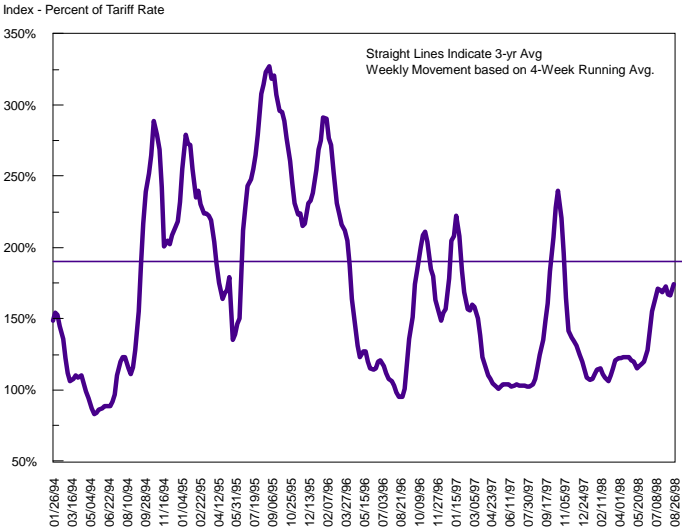
Grain Bid Summary

Futures:

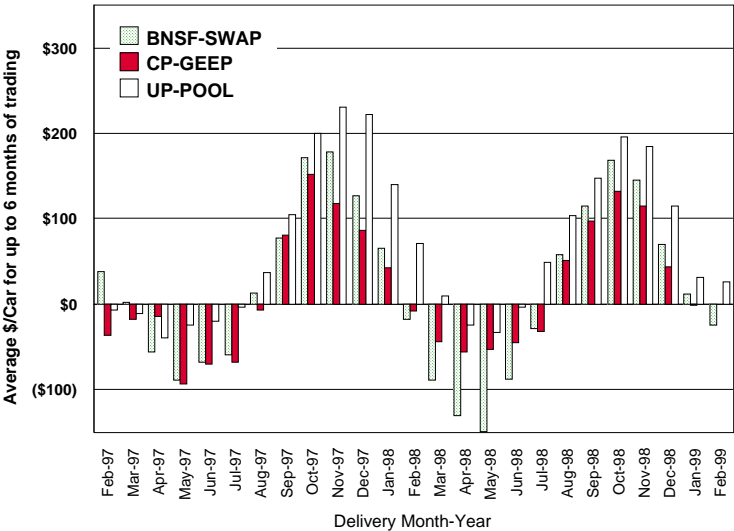
| | | | 09/11/98 | Week Ago 09/04/98 | Year Ago 09/12/97 |
|-------------|------|-----|----------|----------------------|----------------------|
| Kansas City | Wht | Dec | 2.8400 | 2.8500 | 3.7950 |
| Minneapolis | Wht | Dec | 3.1850 | 3.1800 | 4.0100 |
| Minneapolis | Dur | Sep | 3.6800 | 3.6700 | n.a. |
| Chicago | Wht | Dec | 2.5825 | 2.6175 | 3.7575 |
| Chicago | Corn | Dec | 2.0775 | 2.0800 | 2.6425 |
| Chicago | Sybn | Nov | 5.2900 | 5.1850 | 6.3125 |



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



See the Grain Trax page at www.ugpti.org for more graphs of rail premiums.

| Rail Car 'Auction' Offerings | | | | |
|--|----------------|---------------|----------------|---------------|
| Delivery for: | Oct-98 | | Dec-98 | |
| | <u>Offered</u> | <u>% Sold</u> | <u>Offered</u> | <u>% Sold</u> |
| BNSF-COT | 5,645 | 100% | 5,350 | 75% |
| UP-GCAS | 5,000 | 48% | 5,000 | 32% |
| Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com | | | | |

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

| | Delivery Period | | | |
|----------|------------------------|--------|--------|--------|
| | Sep-98 | Oct-98 | Nov-98 | Dec-98 |
| BNSF-COT | \$57 | \$67 | \$23 | \$16 |
| CP-GEEP | \$30 | \$35 | \$18 | \$15 |
| UP-Pool | \$0 | \$191 | \$110 | \$35 |

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

| Delivery for: | Oct-98 | Dec-98 | Jan-99 |
|---------------|----------|----------|----------|
| COT/N. Grain | no offer | no offer | no offer |
| COT/S. Grain | no offer | no offer | no offer |
| GCAS/Region 2 | no bid | no bid | no bid |
| GCAS/Region 4 | no bid | no bid | no bid |

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com, (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values***

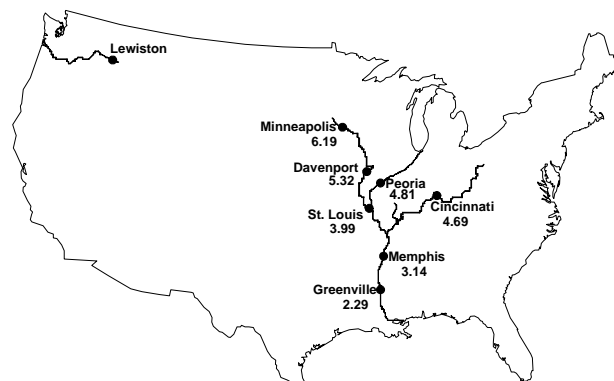
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

| Week ended | River/Region | Contract Period | Rate |
|------------|------------------|-----------------|------|
| 9/10/98 | St. Louis | twk | 260 |
| | Lower Ohio River | twk. | 280 |
| | | Oct. | 185 |
| | Illinois River | twk | 250 |

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

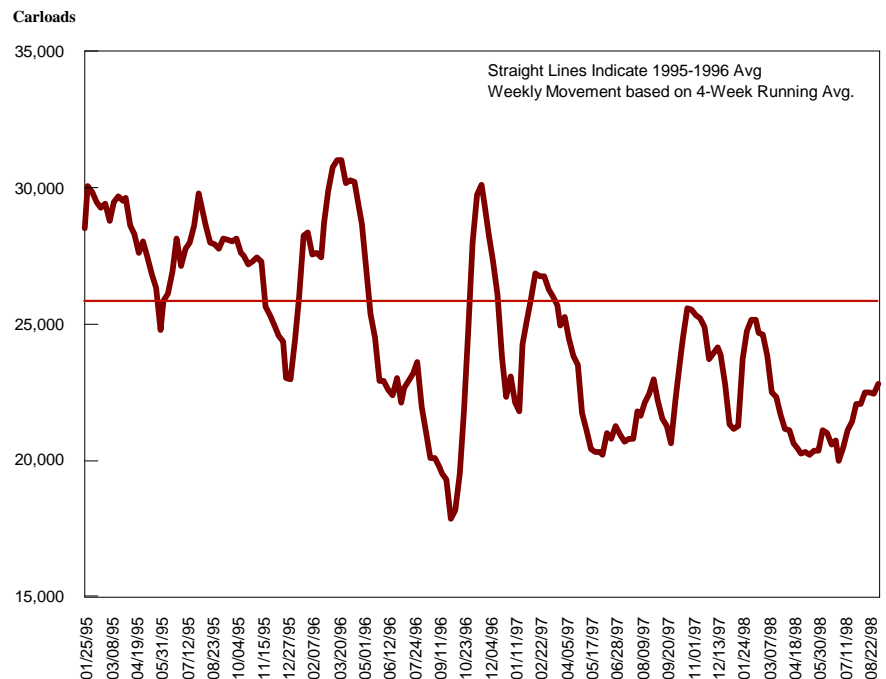
twk=this week
nwk=next week**Southbound Barge Freight Spot Rates**

| | 9/9/98 | 9/2/98 | Oct. '98 | Dec. '98 |
|-----------------|--------|--------|----------|----------|
| Twin Cities | 250 | 253 | 290 | 0 |
| Mid-Mississippi | 258 | 260 | 281 | 0 |
| Illinois River | 256 | 252 | 273 | 169 |
| St. Louis-Cairo | 258 | 273 | 267 | 127 |
| Lower Ohio | 276 | 278 | 283 | 144 |
| Cairo-Memphis | 263 | 295 | 266 | 121 |

Source: Transportation & Marketing /AMS/USDA
nq- no quote**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

| Class I Railroad Grain Car Loadings | |
|---|-----------|
| Week Ending: | Carloads |
| 8/22/98 | 22,695 |
| 8/29/98 | 21,632 |
| 9/5/98 | 23,126 |
| Year to Date - 1998 | 771,376 |
| Year to Date - 1997 | 807,779 |
| Total 1997 | 1,199,995 |
| Total 1996 | 1,235,123 |
| Source: American Association of Railroads | |



Class I Rail Carrier Grain Car Bulletin

Carloads

| | East | | | | West | | | Canada | |
|---------------------|---------|---------|--------|---------|---------|--------|---------|---------|---------|
| | Conrail | CSXT | IC | NS | BNSF | KCS | UP | CN | CP |
| 09/05/98 | 743 | 1,948 | 1,382 | 2,285 | 9,524 | 650 | 6,594 | 2,183 | 3,909 |
| This Week Last Year | 370 | 1,490 | 1,485 | 2,220 | 10,662 | 590 | 7,773 | 4,174 | 5,501 |
| 1998 YTD | 24,710 | 79,822 | 52,735 | 86,160 | 281,605 | 22,458 | 223,886 | 78,282 | 142,476 |
| 1997 YTD | 16,947 | 75,819 | 53,177 | 81,468 | 279,032 | 22,848 | 273,366 | 115,653 | 178,705 |
| 1996 Total | 31,733 | 111,509 | 48,695 | 131,568 | 432,687 | 30,009 | 439,865 | 129,714 | 181,387 |
| 1995 Total | 37,851 | 133,755 | 61,612 | 139,043 | 410,274 | 34,393 | 447,786 | | |

Source: American Association of Railroads

Tariff Rail Rates for Unit Train Shipments

September 1998

| Date Effective | Tariff Item | Commodity | Origin | Destination | Rate Per Car | Rate Per MT | Rate/Per Bushel* |
|----------------|-------------|-----------|-----------------|--------------|--------------|-------------|------------------|
| 05/01/98 | 45560 | Wheat | Minneapolis, MN | Houston, TX | \$2,050 | \$18.60 | \$0.62 |
| 05/01/98 | 43521 | Wheat | Minneapolis, MN | Portland, OR | \$4,027 | \$36.54 | \$1.21 |
| 05/01/98 | 46540 | Wheat | Kansas City, MO | Houston, TX | \$1,450 | \$13.16 | \$0.44 |
| 05/01/98 | 43586 | Wheat | Kansas City, MO | Portland, OR | \$3,812 | \$34.59 | \$1.14 |
| 05/01/98 | 43581 | Wheat | Omaha, NE | Portland, OR | \$3,505 | \$31.81 | \$1.05 |
| 05/01/98 | 31040 | Corn | Minneapolis, MN | Portland, OR | \$2,865 | \$22.87 | \$0.80 |
| 05/01/98 | 33111 | Corn | Kansas City, MO | Houston, TX | \$1,600 | \$12.77 | \$0.45 |
| 05/01/98 | 31035 | Corn | Kansas City, MO | Portland, OR | \$2,600 | \$20.75 | \$0.73 |
| 05/01/98 | 31040 | Corn | Omaha, NE | Portland, OR | \$2,485 | \$19.83 | \$0.70 |
| 05/01/98 | 61180 | Soybean | Minneapolis, MN | Portland, OR | \$3,080 | \$27.95 | \$0.92 |
| 05/01/98 | 61180 | Soybean | Omaha, NE | Portland, OR | \$2,780 | \$25.23 | \$0.83 |

Source: www.bnsf.com

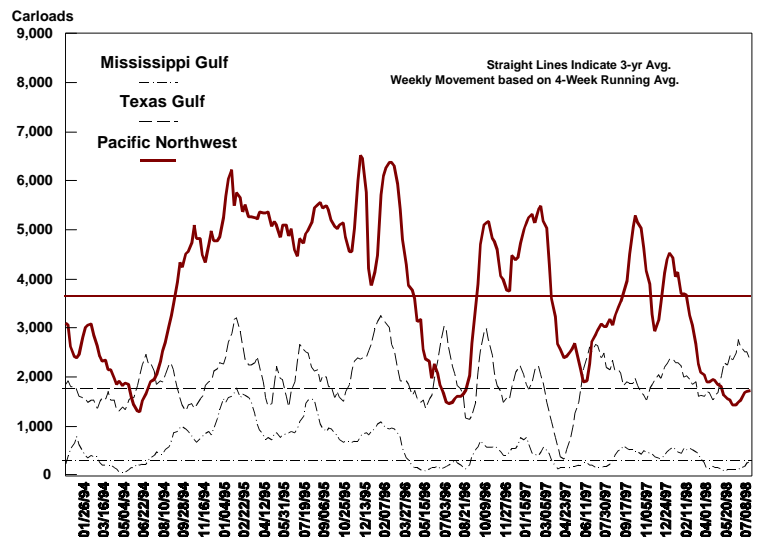
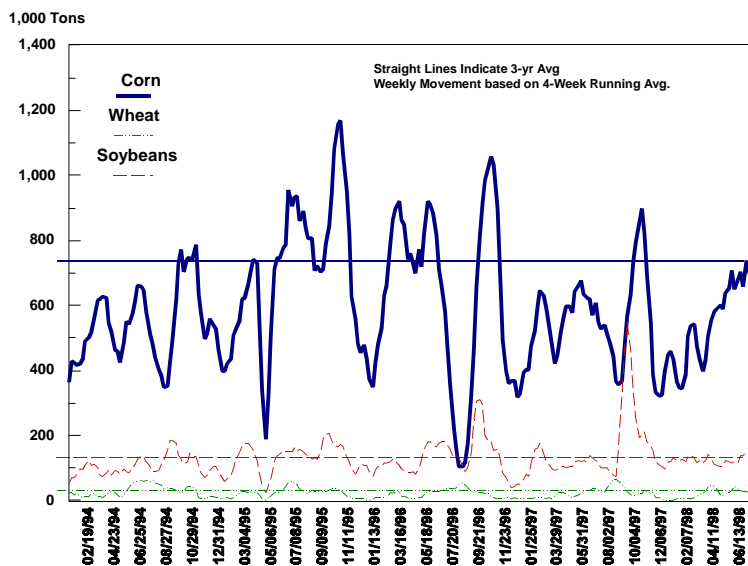
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port

Carloads

| | Mississippi Gulf | Texas Gulf | Pacific Northwest | Atlantic & East Gulf |
|--------------|------------------|------------|-------------------|----------------------|
| Week Ending: | | | | |
| 08/19/98 | 253 | 1,825 | 1,735 | 23 |
| 08/26/98 | 441 | 3,116 | 1,790 | 0 |
| 09/02/98 | 171 | 1,968 | 1,744 | 1 |
| YTD 1998 | 10,799 | 73,814 | 89,848 | 6,678 |
| YTD 1997 | 12,429 | 60,145 | 127,755 | 4,262 |
| Total 1997 | 20,152 | 93,265 | 195,953 | 9,147 |
| Total 1996 | 25,899 | 113,804 | 199,709 | 11,304 |

Source: Transportation & Marketing/AMS/USDA

Rail Deliveries to Port**Barge Movements - Locks 27****Barge Grain Movements**

for week ending 09/5/98

| | Corn | Wht | Sybn | Total |
|------------------------|------------|-------|-------|--------|
| | 1,000 Tons | | | |
| Mississippi River | | | | |
| Rock Island, IL (L15) | 287 | 26 | 24 | 337 |
| Winfield, MO (L25) | 356 | 21 | 66 | 445 |
| Alton, IL (L26) | 520 | 23 | 82 | 626 |
| Granite City, IL (L27) | 511 | 26 | 86 | 628 |
| Illinois River (L8) | 175 | 3 | 19 | 197 |
| Ohio (L52) | 9 | 14 | 2 | 69 |
| Arkansas (L1) | 1 | 9 | 0 | 11 |
| 1998 YTD | 19,799 | 1,736 | 5,293 | 28,906 |
| 1997 YTD | 19,786 | 1,656 | 4,796 | 28,497 |
| Total 1997 | 29,685 | 2,689 | 9,584 | 45,315 |
| Total 1996 | 34,210 | 2,348 | 8,297 | 48,963 |

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

U.S. Export Balances* (1,000 Metric Tons)

| | <i>HRW</i> | <i>SRW</i> | <i>HRS</i> | <u>Wheat</u> <i>SWW</i> | <i>DUR</i> | <i>All</i> | <u>Corn</u> | <u>Soybean</u> | <u>Total</u> |
|-------------------------------------|------------|------------|------------|----------------------------|------------|------------|-------------|----------------|--------------|
| <u>Unshipped Exports-Crop Year</u> | | | | | | | | | |
| 09/03/98 | 1,657 | 365 | 1,109 | 1,020 | 238 | 4,388 | 7,780 | 4,707 | 16,875 |
| This Week Year Ago | 2,004 | 972 | 1,207 | 780 | 373 | 5,336 | 7,730 | 7,759 | 20,825 |
| <u>Cumulative Exports-Crop Year</u> | | | | | | | | | |
| 98/99 YTD | 3,208 | 589 | 1,706 | 1,172 | 225 | 6,901 | 208 | 2 | 7,111 |
| 97/98 YTD | 2,806 | 1,915 | 1,587 | 1,293 | 361 | 7,962 | 207 | 66 | 8,235 |
| 96/97 Total | 2,595 | 1,643 | 1,432 | 1,240 | 361 | 7,271 | 43,991 | 24,273 | 75,535 |
| 95/96 Total | 9,867 | 6,792 | 8,918 | 6,443 | 897 | 32,917 | 55,769 | 23,550 | 112,236 |

Source: Foreign Agricultural Service YTD-Year-to-Date (fas.usda.gov) Crop Year: Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

| | <u>Pacific Region</u> | | | <u>Mississippi Gulf</u> | | | <u>Texas Gulf</u> | | |
|----------------|-----------------------|-------------|----------------|-------------------------|-------------|----------------|-------------------|-------------|----------------|
| | <i>Wheat</i> | <i>Corn</i> | <i>Soybean</i> | <i>Wheat</i> | <i>Corn</i> | <i>Soybean</i> | <i>Wheat</i> | <i>Corn</i> | <i>Soybean</i> |
| 09/10/98 | 191 | 8 | 8 | 12 | 632 | 142 | 34 | 2 | 0 |
| 1998 YTD ** | 6,597 | 3,383 | 418 | 3,602 | 19,913 | 8,786 | 4,954 | 259 | 624 |
| 1997 YTD ** | 7,722 | 7,646 | 939 | 4,208 | 19,771 | 10,317 | 3,390 | 950 | 428 |
| % of Last Year | 85% | 44% | 44% | 86% | 101% | 85% | 146% | 27% | 146% |
| 1997 Total | 11,156 | 9,728 | 1,764 | 6,349 | 28,183 | 18,658 | 5,106 | 1,001 | 1,014 |

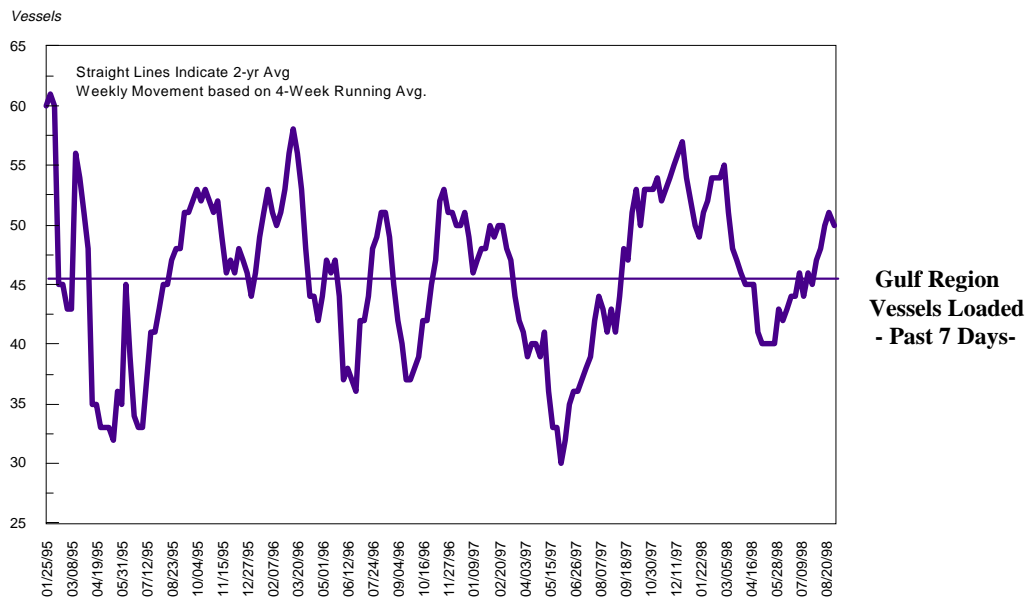
Source: Federal Grain Inspection Service *Year Ago-This Week a Year Ago ** YTD-Year-to-Date

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

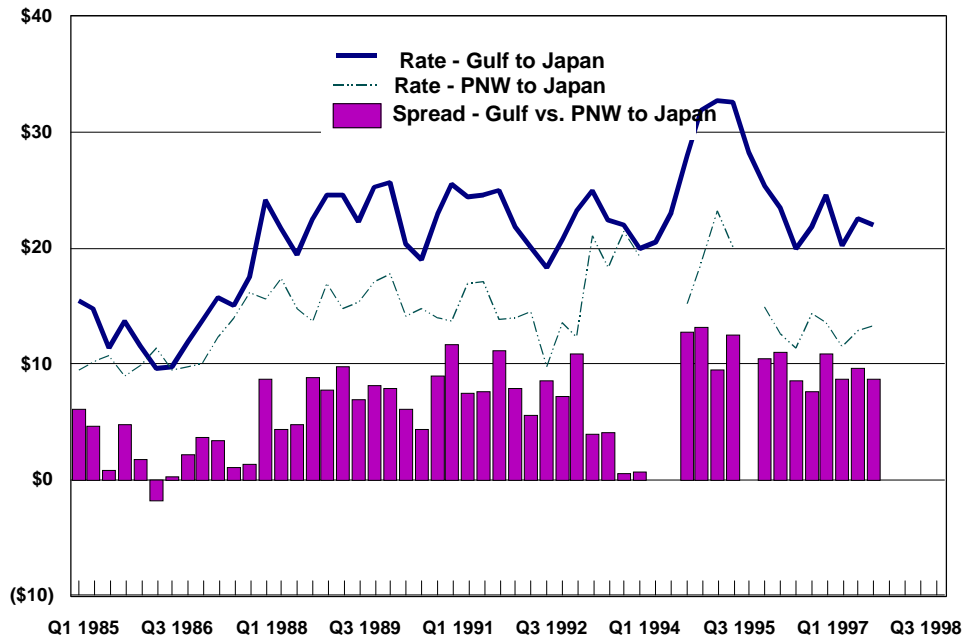
| | <u>Wheat</u> | <u>Durum</u> | <u>Barley</u> |
|----------------------|--------------|--------------|---------------|
| Week Ended: 09/10/98 | | | |
| Vancouver | 529 | 86 | 4 |
| Prince Rupert | 21 | 0 | 0 |
| Prairie Direct | 40 | 16 | 15 |
| Thunder Bay | 99 | 34 | 0 |
| St. Lawrence | 39 | 154 | 0 |
| 1998 YTD Exports | 933 | 290 | 19 |
| 1997 YTD Exports | 2,108 | 453 | 244 |
| % of Last Year | 44% | 64% | 8% |

Source: Canadian Grains Commission *Year Ago-This Week a Year Ago ** YTD-Year-to-Date Crop Year 8/1-7/31



| Port Region Ocean Grain Vessels | | | | | | | | | |
|---|----------|------------------|---------------------|-------------------|------------------|---------------------|-----------------|------------------|---------------------|
| | Gulf | | | Pacific Northwest | | | Vancouver, B.C. | | |
| | In Port | Loaded 7-Days | Due Next 10-Days | In Port | Loaded 7-Days | Due Next 10-Days | In Port | Loaded 7-Days | Due Next 10-Days |
| 09/03/98 | 29 | 50 | 67 | 8 | | | 9 | 12 | 2 |
| 09/10/98 | 41 | 46 | 53 | 9 | | | 8 | 7 | 5 |
| 1997 Range | (11..52) | (25..61) | (31..89) | | | | | | |
| 1996 Range | (17..46) | (38..61) | (27..88) | | | | | | |
| 1997 Avg | 33 | 45 | 58 | | | | | | |
| 1996 Avg | 38 | 46 | 62 | | | | | | |
| 1995 Avg | 31 | 46 | 61 | | | | | | |
| Source: Transportation & Marketing /AMS/ USDA | | | | | | | | | |

US\$/Metric Ton



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

Weighted Average Rates & Vessel Size, U.S. Dollars/Metric Ton - Basis

| | 1998 1 st Qtr | 1997 1 st Qtr | % Change | | 1998 1 st Qtr | 1997 1 st Qtr | % Change |
|----------------|-----------------------------|-----------------------------|-------------|----------------------|-----------------------------|-----------------------------|-------------|
| Gulf to | | | | Pacific NW to | | | |
| Japan | \$18.24 | \$25.29 | -28% | Japan | \$10.08 | \$15.08 | -33% |
| Mexico | \$12.15 | \$17.99 | -32% | Red Sea/ Arabian Sea | | \$20.17 | |
| Venezuela | \$11.13 | \$16.73 | -33% | | | | |
| N. Europe | \$9.85 | \$12.60 | -22% | Argentina to | | | |
| N. Africa | \$14.65 | \$18.84 | -22% | N. Europe | \$12.32 | \$17.98 | -31% |
| | | | | Japan | \$20.93 | \$33.64 | -38% |

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates

| Export Region | Import Region | Grain | Month | Volume Loaded (Tons) | Freight Rate (\$/Ton) |
|---------------|----------------------|--------------|-------------------|-------------------------|--------------------------|
| Great Lakes | Algeria | Wheat | September | 15,000 | \$28.00 |
| Gulf | Egypt | Heavy Grains | September | 55,000 | \$8.25 |
| Gulf | Durban (So. Africa) | Wheat | Spot | 22,850 | \$13.00 |
| Gulf | Taiwan | Heavy Grains | September/October | 30,000-54,000 | \$12.40-16.65 |
| Gulf | China | Heavy Grains | September | 30,000 | \$12.50-14.10 |
| North Pacific | Malaysia | Heavy Grains | October | 55,000 | \$9.25 |
| Paranagua | Lisbon/Hamburg | Grains | September | 30,000-55,000 | \$9.10-10.75 |
| River Plate | Kosichang (Thailand) | Grains | September | 30,000 | \$18.50 |
| Antwerp | Algeria | Wheat | Spot | 26,250-26,800 | \$14.00 |
| Denmark | Spain (Med.) | Wheat | September | 25,000 | \$8.50 |

Source: Maritime Research Inc.